

EXHIBIT 1

INTRODUCTION

The Save Our Canyons committee ("SOC") was a primarily formed recipient committee that actively supported the passage of Measure U in the City of Chino Hills election of November 2, 1999. Virginia Bertoni was the committee treasurer and Diane Caliva was the assistant treasurer. The respondents received contributions totaling \$6,857.96 and made expenditures totaling \$5,762.96, but failed to timely file campaign statements reporting their political activity.

For purposes of this stipulation, the violations of the Political Reform Act ("Act")¹ are as follows:

COUNT 1: Failure to timely file a pre-election campaign statement for the reporting period from July 1, 1999 through September 30, 1999, in violation of sections 84200.5, subdivision (c) and 84200.8.

COUNT 2: Failure to timely file a pre-election campaign statement for the reporting period from October 1, 1999 through October 16, 1999, in violation of sections 84200.5, subdivision (c) and 84200.8.

RESPONDENTS: Save Our Canyons, Virginia Bertoni and Diane Caliva

SUMMARY OF THE LAW

Section 81002 provides that campaigns shall fully and truthfully disclose information regarding receipts and expenditures in election campaigns in order to fully inform the public and inhibit improper practices. The Act established a campaign reporting system to accomplish this purpose.

Section 82013, subdivision (a) defines a committee as any person or combination of persons who directly or indirectly receives contributions totaling \$1,000 or more in a calendar year.

Pursuant to section 84200, subdivision (a), a committee, which has qualified as a committee under section 82013, subdivision (a), shall file semiannual campaign statements each year no later than July 31 for the six month period ending June 30, and no later than January 31 for the six month period ending December 31. Section 84211 prescribes that certain information must be disclosed on campaign statements which are required to be filed, including contributions received and expenditures made by the committee.

In addition to the semiannual campaign statements, section 84200.5, subdivision (c) requires committees primarily formed to support a measure being voted upon on the first Tuesday after the

¹ The Political Reform Act ("Act") is contained in Government Code sections 81000 through 91014. All references to "Section(s)" are to the aforementioned Government Code unless otherwise indicated. Commission regulations appear at Title 2, California Code of Regulations, section 18109, *et seq.*

first Monday in November during odd-numbered years to file pre-election campaign statements. The filing guidelines for these pre-election statements are found in section 84200.8.

For the November election period, pre-election statements must be filed no later than 40 days before the election for the period ending 45 days before the election. (Section 84200.8, subd. (a).) Committees must also file pre-election campaign statements no later than twelve days before the election for the reporting period ending seventeen days before the date of the election. (Section 84200.8, subd. (b).)

SUMMARY OF THE EVIDENCE

In 1998, a group of Chino Hills citizens organized in order to qualify a measure for the ballot that would prohibit the Chino Hills City Council from amending the city's general plan for housing-related purposes without a vote of the electorate. The group gathered enough signatures to qualify their own measure in early 1999. However, in order to save the city the cost of a special election, the group allowed the city council to place the ballot measure, known as Measure U, on the November 1999 ballot. The grassroots group, which was referred to as "Save the Canyons," was comprised of local residents, including group leaders Duane Thompson, Carlton and Dorothy Shepard, and Bob Purcell.

In September and October 1999, the Save Our Canyons ("SOC") group began actively advocating the passage of Measure U for the November 2nd election. They purchased newspapers ads, political signs, and used the SOC website to advocate the passage of Measure U.

At various times in September and October 1999, Chino Hills City Clerk Linda Ruth advised Carlton Shepard, Duane Thompson and Bob Purcell about SOC's possible reporting requirements. She provided these persons with the forms they needed to properly organize and report their committee's activities.

On November 2, 1999, the day of the election, SOC filed a statement of organization listing Virginia Bertoni as the treasurer and Diane Caliva as the assistant treasurer. On the same date, SOC filed a single campaign statement for the period from March 1998 through December 31, 1999. According to the filed statement, SOC received contributions totaling \$6,857.96 during this time period, and made expenditures totaling \$5,762.96.

Respondents should have filed pre-election campaign statements prior to the November 2, 1999 election, disclosing contributions received and expenditures made in support of Measure U. SOC filed one statement for the period from March 1998 through December 31, 1999, and then filed a final campaign statement when they terminated their committee on January 28, 2000.

CONCLUSION

Based on the foregoing, SOC violated the Act by failing to file their preelection statements in a timely manner. SOC leaders were advised of the filing requirements and given appropriate forms before the election, and yet failed to file any campaign statements until the date of the election. The public was deprived of information regarding the amount and source of their contributions, as well as expenditures made to influence the November 2, 1999 election.

In addition, SOC should have filed its statement of organization in 1998 when it received contributions in excess of \$1,000 and should have filed semi-annual campaign statements for the latter half of 1998 and the first half of 1999.

In mitigation, SOC and its members were a grassroots group of citizens with no prior political experience. They filed their campaign statements prior to any contact by Commission staff.

This matter consists of two counts which carry a maximum possible administrative fine of Four Thousand dollars (\$4,000.00).

The facts of the case, including the mitigating and aggravating factors discussed above, justify imposition of the agreed upon fine of Twenty Five Hundred dollars (\$2,500.00).